

# Social safety net can become a web for low-income L.A. families who start to earn more

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The research team identified all sources of income and benefits for families, studied eligibility requirements of each and combined them to estimate the total resource families have available. Next, they compared a family's total resources to the estimated basic living costs for Los Angeles. Credit: Pixabay

The social safety net is intended to improve the lives of low-income

families and individuals. But as assistance programs have become more complex, families face challenges in navigating them. As a result, low-income people risk falling through the safety net and into difficult-to-escape cycles of poverty.

In a new report, researchers with the USC Price Center for Social Innovation within the USC Price School of Public Policy documented more than a dozen different benefits—including housing, income, utilities, health care, child care and food assistance—available to Los Angeles families at different income levels and identified scenarios where the [safety](#) net may become a barrier toward economic independence.

"The research clearly shows that families have to be really poor to qualify for the full safety net. That's tragic," said report co-author Gary Painter, director of the center and of the USC Homelessness Policy Research Institute. "In addition, they must be able to get housing in order to have sufficient resources to provide a minimal standard of living for their [family](#)."

The authors say their findings are especially timely given that Congress is considering significantly expanding the social safety net for the first time in decades.

The research was conducted in partnership with the nonprofit Imagine LA, which works to prevent first-time and repeat homelessness and empowers families to maintain housing stability and thrive long term. Researchers were particularly interested in whether an increase in earnings may leave a family financially worse off—a so-called "benefits cliff"—or no better off—a "resource plateau"—than before the increase in earnings due to a strong decrease in safety-net benefits.

"Benefits cliffs and resource plateaus are important to understand. At

some point, they may cause disincentives to pursue higher wages or add [work hours](#) if individuals don't see an overall increase in either resources or quality of life," said report co-author Soledad De Gregorio, a postdoctoral scholar at the Center for Social Innovation. "Because most programs gradually decrease their benefits, we see a pretty smooth change in resources as incomes rise, and few cliffs."

However, this also means that the family is working more and earning more money yet seeing their benefits decrease by the same amount. Overall, their total resources are flat and they're no better off, researchers point out.

The results shine a bright light on large, long resource plateaus that low-income families in Los Angeles experience as their wages increase. For a single parent with two young children earning roughly \$15,000 all the way up to about \$65,000, their total resources—a combination of wages and assistance—may not actually change much, Painter explained.

Rather, it's the sources of those benefits that change. For example, benefits may come in the form of tax credits at certain income levels, but families and case managers may not know how to navigate that change in benefits.

## **Adding up social safety net benefits and finding out where they come up short**

The research team identified all federal, state and local sources of income and benefits for families, studied the eligibility requirements of each and combined them to estimate the total resources families have available at different earned income levels. Next, they compared a family's total resources—the sum of their net earned income and benefits—to the estimated basic living costs for Los Angeles.

The report findings focused on a scenario of a [single-parent](#) family comprised of a mother and two young children, based on real families enrolled in Imagine LA. The family required a total annual income of at least \$66,982 after taxes to cover all basic living expenses in 2020.

Highlights of the L.A. social safety net report include:

## **Only families with extremely low incomes who receive both child care and housing assistance can cover basic living expenses**

- The most significant expenses are housing and child care. Programs like CalWORKs child care program and Section 8 housing vouchers provide the largest benefits for eligible families.
- Most families do not receive enough resources from the safety net to cover their expenses. Only 1 in 4 eligible households receive housing vouchers, which are currently rationed with waiting lists of several years.
- Single-parent families receiving all benefits except for the housing voucher are not able to achieve a living wage income at a low-wage job regardless of the number of hours worked—from part time to full time.

## **Families lose some benefits but gain others as their wages rise**

- Often, the loss of one benefit is met with the gain of another, such as the case for [health care](#) and [child care](#). This smooths the transition as earned income rises.
- The gain in benefits, especially at [higher wages](#), may occur through the tax code. But families must file for taxes and may

not receive the benefit until after filing.

## **Navigating the safety net is complicated**

- Families and case managers must navigate a disjointed set of federal, state and local programs. Understanding the eligibility and estimated benefits of each, especially as incomes go up and down, is very difficult.

"This research grew out Imagine LA's initial effort to locate a comprehensive resource that summarizes how the social safety net benefits available to families intersect, both with one another and with rising income. We found it simply did not exist," said Jill Govan Bauman, president and CEO of Imagine LA. "With this report, we can now clearly see where we can begin to improve the [social safety net](#) for low-[income](#) families and help transform it from a sticky spider web to something that promotes financial independence."

Report authors say in the short term, creating a new digital tool to simplify navigation of the safety net could help families estimate the points where they may lose benefits and plan ahead. To this end, Imagine LA is working to develop a social benefits calculator for case managers and families—including an initial collaboration with USC's student-run organization Code the Change—that uses algorithms developed by the research team to quickly identify and avoid benefits cliffs.

For more long-term solutions, leaders at the federal, state and local levels must work to coordinate, align and streamline major benefits, the study's authors say. Additionally, benefits providers should examine best practices including universal benefits intake, auto-filling forms and benefits counseling.

Finally, a more effective safety net must also include increasing access

to housing benefits.

"Housing is key," De Gregorio said. "Because the cost of housing in Los Angeles is so high and the availability of housing subsidies so scarce, [housing](#) assistance is critical to providing sufficient support for families to pay for living expenses."

Provided by University of Southern California

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